## TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE Transcriber's Office FLOOR DEBATE

April 17, 2001 LB 620

results and, in fact, you'll see, yes, that we have an analysis of a project in the "Super Tier" of the provisions of LB 620 that has been run through that analysis. And I hope that you will take a few minutes this morning to run through that analysis because it is the kind of work that we had prepared for the Revenue Committee, as I said, when we were considering how to develop the committee amendments to suggest to you for this bill. Now, what the ... what the financial results is that there is a net cost, and this is modeled analysis is, after a very large project. They would have 500 employees. Those employees would be very high-paid individuals. They would have an average wage level of \$75,000. This model shows that, of the new employees, 80 percent of them would be new. That is very high. Most of these projects run closer to 30 percent, so it's a very generous assumption made in this model and I don't think you'll find very many projects where you would find a \$75,000 average compensation. And it still, even using those assumptions -- very high wages, very high levels of new jobs -- it still shows that this project, the net cost, the net cost to the state of Nebraska and its political subdivisions over a 17-year period of analysis is \$18 million. That's what our econometric model shows us. And, in fact, that analysis is consistent with analysis that was presented to us by Deloitte and Touche. That is an independent accounting/consulting firm. prepared an analysis on behalf of Union Pacific, specifically a headquarters project to be located in the state of Nebraska, now under the original provisions under LB 620. And I can tell you that that analysis also showed, even an independent analysis by a potential beneficiary of LB 620, showed that there was a net loss to the state and local governmental subdivisions. that analysis was prepared under different assumptions. was prepared under an assumption that the qualifying company could receive both an investment credit and a wage benefit. amendment...the committee amendments that you've requires that they take one or the other so, quite frankly, that would change the Deloitte Touche analysis, but I think if they were asked to redo their analysis, even their analysis would show that a project like a headquarters project bringing in a substantial number of highly paid employees for headquarters project still would result in a net present value loss to the state and its political subdivisions if you ran that